

Fiscal Note

Fiscal Services Division



SF 2352 – Disabled Veterans Property Tax Exemption (LSB 6205SV)

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Fiscal Note Version – New

Description

Senate File 2352 expands the Disabled Veterans Homestead Tax Credit with the following provisions:

- Eliminates the income limitation for the Credit.
- Changes the eligibility for the Credit to include any eligible veteran, including former members of the National Guard of any state, with a permanent and total service-connected disability as certified by the U.S. Department of Veterans Affairs. The provision also includes individuals that are a surviving spouse or child that meet specified criteria.

Background

The Disabled Veterans Homestead Tax Credit provides an exemption of property taxes for the eligible owner. In FY 2014, this Credit totaled \$313,747.

Assumptions

Assumptions include:

- A statewide average consolidated property tax rate of \$33.4098/\$1,000 of taxable valuation. Assumes the State will fully fund the Homestead Property Tax Credit (this includes the Disabled Veterans Homestead Tax Credit).
- The Department of Veteran Affairs (DVA) reported that there are 2,754 100.0% disabled Iowa veterans and that 60.0% of these veterans own their home.
- The average median home value is \$133,000. Total value will increase annually based on the Department of Revenue property tax residential growth projections. Taxable valuations are based on the Legislative Services Agency (LSA) residential rollback estimates.
- All eligible disabled veterans will claim the Credit and the number is assumed to remain static for this estimate.
- Because of timing issues relating to the procedures for the calculation and application of property tax credits and exemptions, this Bill is assumed to have an initial impact in FY 2016.

Fiscal Impact

Senate File 2352 will increase annual General Fund expenditures beginning in FY 2016. The following table provides the estimated increases in General Fund expenditures in future fiscal years.

General Fund Estimated Expenditure Increase for the Disabled Veterans Homestead Property Tax

<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
\$ 0	\$3,607,000	\$3,715,000	\$3,906,000	\$4,062,000

Sources

Iowa Department of Veteran Affairs
Iowa Department of Revenue
LSA analysis and calculations

/s/ Holly M. Lyons

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The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
